

## **POTOMAC YARD CITY TAX REVENUE PROJECTIONS**

- The following estimates City tax revenues for the eventual build out of Potomac Yard.
- Any municipal tax yield calculation of future real estate development, which will occur over a number of years, is somewhat speculative because it is based on future economic activity and future real estate values which may change from current estimates. As a result these projections should be viewed as “order of magnitude” calculations.
- The following calculations are in 2006 dollars, and assume no changes in tax rates.
- These calculations do not deduct the added cost to the City of providing City services to the new residents and businesses, or public education to future school-aged residents of Potomac Yard. Such costs would be far outweighed by the projected additional tax revenues.
- These new tax revenues like other revenues related to development are used to finance all City government services, public education and capital investments. This would include helping pay for new infrastructure such as BRT in the Potomac Yard area.
- The estimate of the future build out real property value (land and buildings) of Potomac Yard is in the \$1.2 billion to \$1.4 billion range. Based on this the annual real estate tax revenue which would be paid to the City at today’s 81.5 cent City real estate rate would be in the \$10 million to \$11 million range.
- In addition to real estate taxes, residents would pay personal property taxes on their vehicles. It is estimated that at full build out the vehicle personal property taxes paid by residents of Potomac Yard would total about \$3 million per year.
- Consumer paid taxes are highly variable based upon the type of hotel, or type of retail and restaurant establishments which locate in Potomac Yard. A rough estimate of the consumer taxes paid would be around \$1 million per year. This does not include any effect of a shift of existing retail and hotel room sales (and taxes paid) from one area of the City to Potomac Yard.
- Other business taxes paid by office tenants, retail tenants and other businesses which may locate at Potomac Yard would total about \$2 million per year.
- IN TOTAL, based on the above, the projection of annual future tax revenues paid to the City as a result of the planned development at Potomac Yard would total about \$16 million to \$17 million per year.

Prepared on September 7, 2006

by staff from the City of Alexandria's Department of Finance, Office of Management and Budget, and City Manager's Office